FOREIGN AGRICULTURE

June 1960

Inspecting flue-cured tobacco

History of America's Farm Exports

U.S. Extension Team in Asia

Vanilla: Flavor From an Orchid

UNITED STATES DEPARTMENT OF AGRICULTURE · FOREIGN AGRICULTURAL SERVICE

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Thirty Years Old

This month the Foreign Agricultural Service observes its 30th anniversary, and in 2 years the U.S. Department of Agriculture will mark its first century of service to the American farmer. Comparatively speaking both count themselves as oldsters in the Government.

But as Wayne D. Rasmussen, the Department's historian, points out in his excellent history of our farm exports (see opposite page), American agriculture was in business nearly 250 years before the Congress set up an agricultural agency. As early as 1613 the colonies were shipping tobacco abroad. This was followed by cotton, later by wheat.

Without this foreign agricultural trade both the colonies and the new nation would have been in serious economic trouble. Foreign sales remain essential today. The U.S. farmer now counts on about 1 acre out of 8 being harvested for shipment broad.

For 30 years the Foreign Agricultural Service has been enhancing the export of U.S. farm products. Originally its services to American agriculture consisted for the most part of providing information on foreign agricultural production, policies, and markets. Today it has additional jobs of equal importance, including:

Administering the part of Public Law 480 which authorizes sales of U.S. surplus farm products for foreign currencies (over one-fourth of U.S. agricultural exports move under Public Law 480);

Giving leadership to a new program of foreign market development in which, in close cooperation with U.S. trade groups, markets for U.S. farm products are being promoted;

Seeking better access to foreign markets by reduction of trade barriers.

Cover Photograph

Tobacco was the first big export of the American colonies and, while tobacco processing has changed since that time, inspecting the leaf has always been the buyer's privilege. (See drawing on p. 5.)

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Wood engravings from Harpers Weekly, *showing above, rice cultivation in South Carolina; and right, a homemade cotton gin copied from Eli Whitney's invention.*

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History of America's Farm Exports

I. Colonial Times to the Civil War

By Wayne D. Rasmussen
Agricultural Historian, USDA

One spring day in 1613, John Rolfe stood on the wharf at Jamestown, Virginia, watching Captain Adams direct the loading of the *Elizabeth*. He paid particular attention as a few barrels containing his first shipment of Orinoco tobacco were placed aboard. Two years earlier, Rolfe had obtained seed of the mild Spanish tobacco through a shipmaster who had stopped at Trinidad. He had planted it in 1612, and the resulting leaf was so much superior to the native Virginian tobacco that Rolfe decided to ship part of the crop to England.

This shipment, which Captain Adams landed on July 20, 1613, may be considered the beginning of American export trade in farm products. The tobacco met with a favorable reception and within a very few years became the Colony's most important export. The trade gave Virginia an outlet for a valuable crop, enabled England to sell manufactured goods to Virginia and tobacco products in Europe, and gave employment to English workers and seamen.

The European demand for Virginia tobacco led the settlers to turn all their energies to its growth, until the governor was forced to order the colonists to plant corn as well as tobacco to avoid the possibility of starvation. In 1619, the Virginia Assembly provided for the inspection of tobacco and the destruction of that of poor quality. In 1621, each grower was restricted to producing not more than 1,000 plants of 9 leaves each. Other regulations aimed at controlling production and holding up prices were passed throughout the colonial period.

Rice and Indigo. Tobacco was the king of colonial agricultural exports. But rice and indigo were also exported in substantial amounts from the southern colonies, while grain, meat, butter, and live animals were exported from the northern colonies. The early settlers in Virginia and South Carolina had experimented with rice cultivation, but did not succeed in establishing the industry. It was not until new varieties of seed were introduced, notably a type from Madagascar about 1696, that exports were possible.

Rice and tobacco were both subject to various commercial regulations issued by the British Government, among them one directing that these and a number of other products could be shipped only to England. Illegal trade soon developed. Much rice, in particular, was shipped to Portugal in violation of the Navigation Act until the law was modified in 1730 to permit rice shipments to southern Europe.

Indigo, like tobacco and rice, was cultivated successfully with seed imported from the West Indies. It was the most important source of blue dye before the days of chemistry and coal tar. Experiments in growing it had been carried on in the early days of South Carolina, in the hope that a new source for this valuable agricultural product could be developed.

Plate I.

Above and on the opposite page are drawings from William Tatham's essay on tobacco culture in America, published in 1800. From top, common tobacco house; tobacco hanging from scaffold; public warehouse; and inside warehouse showing process of inspection.

The early experiments failed, although the British Government issued regulations from time to time to encourage its cultivation.

A young lady, Eliza Lucas (later Pinckney), is credited with establishing indigo on a commercial basis in South Carolina. Miss Lucas was in charge of her father's plantation while he served as governor of the island of Antigua during the 1740's. She experimented with several crops, and, after several trials, succeeded in producing a commercial crop of indigo. Encouraged by a bounty granted by the British Government in 1748, many other planters followed her example.

Little indigo was exported during the Revolutionary War. After the war, the former colonists no longer had the benefit of the English bounty, yet production was resumed rapidly in South Carolina. Exports in 1792 were the greatest achieved by the industry. However, England was encouraging indigo cultivation in the British East Indies with so much success that there was no export market for American indigo by 1800.

Land had to be cleared of forests before indigo, rice, or tobacco could be planted in the South or before grain could be planted in the North. Many acres of trees were cut and burned, with no salable product resulting except potash, and sometimes that was not utilized. However, clapboards and other lumber were among the earliest exports from America, and throughout the colonial period, timber and lumber, masts, naval stores, and ships were important to the export trade. New England, New York, and Pennsylvania supplied the ships and masts, the southern colonies the pitch, tar, rosin, and yellow pine.

Products from the North. Northern fields were usually planted to grain after they were cleared of trees. Since grain was also grown in Europe, the export demand for northern farm products was erratic and lagged behind that for the southern staples. The West Indies became the most important market for wheat, often shipped in the form of bread and flour. Horses and salted meat were also in demand. Shipments of wheat from New England to the West Indies began in the 1640's. After a few years, New Englanders found that their rocky fields could not compete in wheat production with some of the other colonies. Instead, timber products, ships, dried fish, and furs, which they had exported since the first years of settlement, became the dominant exports of New England.

The middle colonies of New York, New Jersey, and Pennsylvania were often called the "bread" colonies because of their heavy production of grain. New York, at that time New Netherland, was shipping wheat to the West Indies by 1643, while New Jersey and Pennsylvania shipped supplies almost from the first years of their settlement.

The economy of colonial Pennsylvania was founded on wheat. England issued regulations from time to time stating that wheat and flour, as well as many other commodities, could be exported only to Britain. However, like the other colonies, Pennsylvania disregarded these regulations and shipped provisions not only to other British possessions but to the Dutch, French, and Portuguese West Indies as well. Sugar growing was so profitable in the West Indies that little or no attention was given to food crops; it was cheaper to buy provisions than to grow them.

The Pennsylvanians built many small flour mills, and by 1700 much wheat was exported in the form of flour and bread. The General Assembly adopted regulations in 1699 to the end "that all Bisket and flower made for transportation shall be well made & honestly & truly pack't." All persons making biscuit and flour for export were required to place identifying marks on the shipping casks. This did not keep poorly made products from being shipped, and in 1720 the Assembly adopted rigid inspection laws which soon restored Pennsylvania flour and bread to favor in the West Indies.

The New England and Middle Colonies also exported considerable quantities of beef and pork, mostly salted and packed in barrels. Some live hogs and sheep were shipped, and horses were exported in large numbers to the Sugar Islands. In 1699,

in the same law providing for the marking of flour and biscuit casks, the General Assembly provided for the inspection of all beef and pork offered for export. Pennsylvania led all the colonies in meat exports, even though wheat, flour, and bread made up 85 percent of its exports in 1766.

The export trade in agricultural products declined greatly during the Revolutionary War. Some clandestine trade was carried on with Great Britain and the British West Indies, while some shipping evaded the British blockade and carried provisions to the West Indies and tobacco to Europe. Insurance rates were high.

Trade Shifts. The successful conclusion of the Revolution forced a change in the patterns of trade in American agricultural products. American tobacco no longer had a monopoly of the British market, and American indigo and naval stores no longer enjoyed a British subsidy. Great Britain welcomed American agricultural products but gave them no special privileges. On the other hand, Great Britain attempted to exclude the United States from trade with the British West Indies, although shortages of food supplies forced modifications of the regulations from time to time. Somewhat the same conditions prevailed in the French and Spanish West Indies.

Exports of food products increased substantially after the Revolution. From 1790 until 1807 there was heavy European demand to supply deficiencies caused by crop failures and the Napoleonic wars. Trade fell off in 1808, when the Federal Government, under President Jefferson's leadership, approved the first of a series of embargoes and nonintercourse acts in an attempt to force British and French agreement with the American views of shipping rights. The War of 1812 further curtailed shipping.

From 1814 to 1842, conditions in both Europe and the West Indies were unfavorable for exports of American foodstuffs. However, the increasing industrialization in England led Great Britain in 1842 to remove its prohibition on the importation of American cattle and provisions and in 1849 to abolish its duties on grain. These acts, combined with famine in Ireland and part of Europe in the same period, gave American food products a new entry to the European market. The Crimean War also increased demands for food.

Tobacco exports declined greatly during the Revolution, then revived as British markets opened. Americans, however, were anxious to find new markets for the crop. In 1783, the French tobacco monopoly, operated by an agency called the French Farmers General, proposed to Robert Morris that he enter into a contract with the monopoly for the exclusive shipment of American tobacco to France. Morris, best remembered as the "financier of the American Revolution," had been dealing in tobacco that had been paid in lieu of taxes to Virginia. After some delay, Morris signed a contract to deliver specified quantities of tobacco at a fixed price for 3 years. Our representative in Paris, Thomas Jefferson, protested the monopoly, and attempted to persuade the French Government to modify it. As it happened, Morris lost money on his contract. One shipment was lost at sea, and he had difficulty providing leaf of an acceptable grade. Thus, one of the few attempts to maintain a monopoly on sales of an American farm product resulted in failure.

Tobacco exports reached new highs from 1790 to 1792, but thereafter declined. About 1840, sales began to increase, and from 1857 to 1860 exports were more than double the average for the period 1790 to 1792.

Cotton Takes Lead. Cotton replaced tobacco as America's most important export crop in the period between the Revolution and the Civil War. Long staple cotton was the first variety exported in any quantity. During the Revolution some of the leading planters of Georgia, loyal to Great Britain, moved to the Bahama Islands. The British Government assisted many of the refugees in becoming cotton planters, furnishing them with the seed of a long staple variety from the Leeward Islands. Some of the exiles then sent seed to kinsmen and friends in Georgia. In

(Continued on page 22)

Tobacco was the king of colonial farm exports, most of it going to England where there was a big demand for Virginia tobacco. It was transported to market by various means, among them (from top) canoe, upland boat, wagon, and rolling hogshead drawn by horses.

For Italian farmers one of the highlights of the 62d Verona International Agricultural Fair was the daily milking of the three Holstein-Friesian cows in the modern milking parlor at the U.S. farmyard exhibit.

Developing Markets in Italy

for U.S. feed grains, soybeans, and breeding stock

This spring nearly a half million visitors to Verona's 62d International Agricultural Fair saw a replica of a modern U.S. farmyard in operation. In a milking parlor they watched Italian cattle bred from U.S. stock being milked, and from special exhibits they learned about U.S. feeding methods and how proper animal nutrition can boost milk and meat production.

These exhibits, sponsored by the U.S. Department of Agriculture in cooperation with U.S. farm and industry groups, wrapped their story around feed supplies, feeding techniques, breeding cattle, and sanitary handling of milk. And they pointed out how U.S. grain sorghums, corn, and soybean meal, together with the use of high-quality U.S. dairy cattle, can help implement the Italian Government's program calling for greater production of meat, poultry, and milk, in order to improve Italian diets and strengthen the Italian agricultural economy.

Trade fairs constitute an important part of the work being done to develop markets abroad for U.S. farm products, and in the last 3 years U.S. farm products have been shown in 12 such fairs in Italy. By observing U.S. feeding techniques the Italian farmer is stimulated into improving his own methods. Also, U.S. experts are on hand to advise him.

Soybeans. U.S. promotion efforts have met with considerable success in the case of soybeans. The Italian market for U.S. soybean products is growing by leaps and bounds and shows no sign of slowing down. In the years prior to the fall of 1957, when USDA and the Soybean Council of America began their promotion campaign, U.S. soybean shipments averaged only about 25,000 bushels annually. In the 1958-59 marketing year exports rose to 1.3 million bushels; and they are expected to double during the current marketing year. Also, in 1957 Italy had no plants for processing soybeans for oil or meal, whereas by the end of last year there were at least 18 plants either processing soybeans or planning to do so.

Feed Grains. Italy currently imports over a million tons of feed grains, including corn, barley, and oats, and imports will undoubtedly increase, as production in Italy cannot possibly keep up with the demand. By 1963-64 Italy's import needs are likely to reach 1.5 million to 2 million metric tons. Of this market, the U.S. share has been small because of restrictions against imports from dollar areas. Italy, however, has gradually accumulated strong gold and dollar reserves, and an easing of import restrictions is being sought.

Harry McCleland, feed grain consultant for the U.S. Agricultural Attaché's office in Rome, feels that, once liberalization is accomplished and import licenses for U.S. grains are no longer required, U.S. private firms must jump into the Italian market. "Regional agricultural fair exhibits, with U.S. experts offering technical advice, can only go so far," he added. "Someone with order books is needed." In the meantime, the National Corn Growers and the Grain Sorghum Producers Associations are keeping U.S. feed grains before the eyes of Italian farmers. One of the best salesmen for U.S. feedstuffs is "The Champ," a giant model of a Hereford steer that opens up to show the digestive, milk-producing, and reproductive processes of cattle. Along with mobile feed displays, the steer toured the farm fairs of Italy in 1959.

Italy's poultry industry also demands heavy imports of feed grains and offers excellent potential as an outlet for U.S. feedstuffs. Broiler production has shown a spectacular growth, increasing from 1 million in 1954 to 60 million in 1959, with current production averaging 5.5 million

a month. As a result of U.S. exhibits at trade fairs and seminars, U.S. methods of feeding and management have been widely adopted.

Breeding Cattle. A mild revolution in Italy's cattle population has taken place over the past few years. The Italian farmer is moving away from the all-purpose animal (meat, work, and milk) and is concentrating on meat and milk production. Italy's milk production is centered around two breeds: Friesians and Brown Swiss. The Friesian bulls are imported from the United States, Canada, and the Netherlands, and most of the cows of this breed, from the Netherlands. Brown Swiss are imported mainly from Switzerland and Austria, although the demand for U.S. Brown Swiss bulls is growing.

Both breeds were featured at the Verona Fair, where the Holstein-Friesian Association of America and the Brown Swiss Cattle Breeders Association put on a milking operation that drew tremendous crowds to the big red barn in the U.S. pavilion. Three were Brown Swiss cows and three, Holstein-Friesians, all daughters of U.S.-bred sires. So successful was this exhibit that by the time the fair was over $168,000 worth of U.S. breeding stock had been sold to Italian farmers.

Some farmers are already familiar with the benefits to be gained by using U.S. bulls for breeding. About 10 years ago the Maghisello Farm, near Alesandria, imported from the United States the Holstein bull "Bonnie Prince Charlie." At that time the average annual milk production of the Maghisello herd was 3,500 kilograms. Today the daughters of the cows by "Charlie," of which there are 200 in the herd, are averaging 5,200 kilograms. This increase of 1,700 kilograms of milk per cow on the herd of 200, at a price of $4.00 per hundred pounds, means an added income to the farm of $29,920 a year.

This is just one example. There are many others and should be more as time goes on and U.S. promotion efforts begin to show results. Italy, however, wants quality, and only U.S. breeders with quality stock will find an increasing market in that country.

Top, in this big red barn the United States told the complete story of dairy farming. Right, U.S. Ambassador to Italy, James E. Zellerbach scratches the head of the day-old bull calf born the day before the fair opened.

Below, Robert O'Neill, exhibit manager, explains the model of a vegetable oil processing plant to a group of Italy's top agricultural writers.

France Again Revises Its Farm Price Policy

In recent months there have been signs of growing unrest among French farmers, even riots in some areas. Considerable pressure has been put on the government to return to its former farm price policy, which tied farm prices directly to three other price indices. Early in March the French Government published a decree which goes part way toward meeting the farmers' demands.

The old policy, widely criticized as "built-in inflation," was discontinued in January 1959 when the government, after devaluing the currency, adopted a number of reform measures aimed at stabilizing the economy. Under this so-called indexation policy, the "target" and "indicative" prices for the farm products concerned were recalculated each year by applying changes in three indices: the price index of industrial products used in agriculture (which received a 40-percent weight); the index of retail prices in general (also weighted 40); and the index of agricultural wages (weighted 20).

The new policy, however, takes into account only the indices for the elements entering into the cost of producing the commodity concerned. Furthermore, the weights given add up to considerably less than 100 percent, and the result may be adjusted for other "corrective factors" including the general level of economic activity.

The cost elements considered for grains, for example, are agricultural wages, fuel, building costs, fertilizers and pesticides, machinery and equipment, and other manufactures; specified weights total only 55. For eggs, the same elements are included, but wages are weighted twice as high and other factors lower, and oilcake is added; specified weights total 60. December 1958 is the base period for milk; June 1959, for all other commodities. Farm products covered by this new pricing policy are grains, sugar beets, wine, milk, beef, pork, and eggs. So far, however, the system has not been actually applied to any of these products except milk.

Canada and Australia Sign Agreement Continuing Special Tariff Guarantees

Canada and Australia are now trading under a new agreement, their first since 1931. Its terms are for 3 years, but it provides for indefinite continuation unless either government gives 6 months' notice to terminate the pact.

The new pact, officially announced in April, was negotiated during 1959 and signed on February 12 this year. It is Australia's sixth formal trade arrangement since 1956.

Main consideration, as in the old agreement, is the provision for special tariff guarantees. Canada, besides binding its tariff concessions on lamb, mutton, canned beef, certain canned fruits, brandy, and some wines, agrees to maintain the margin of preference Australia enjoys in the Canadian market over nonpreferential suppliers of raw sugar, meat products, dried fruits, brandy, wines, and tallow. New concessions Canada makes to Australia on agricultural goods include binding the "free" tariff rate on wool, sheep casings, and sheepskins.

Australia, on the other hand, assures Canada of British preferential tariff treatment on most of its products. As new concessions, it binds the actual rates of duty on a number of commodities of interest to Canada, including canned salmon, canned sardines, and hog casings.

The agreement further provides for consultation by the two governments on Australia's temporary suspension of preferences and application of by-law provisions, and sets up procedures for discussing trade matters of interest to both countries.

In 1959, Australia was Canada's second largest Commonwealth market and its sixth largest world market, with a total value of $54 million. Canada's principal agricultural exports to Australia include tobacco, canned salmon and sardines, hog casings, lumber, and wood pulp. In return, Canada imports about $30 million worth of Australian products, chiefly sugar, dried fruits, wines, sheep casings, meat, and wool.

AUSTRALIA'S TARIFF PREFERENCE IN THE CANADIAN MARKET

Commodity	Canada's tariff rates—	
	To Australia	To most-favored nation[1]
Raw sugar	99c per 100 lb.	$1.74 per 100 lb.
Mutton and lamb	1½c per lb. (Australia and New Zealand).	6c per lb.
Meat, fresh, n.o.p.	2c per lb.	2½c per lb.
Canned beef	Free (Australia and New Zealand).	30% ad valorem.
Canned meats, n.o.p.	do	30% ad valorem.
Tallow	Free	17½% ad valorem.
Canned fruits, mixed	1c per lb.	2c per lb.
Canned fruits, n.o.p.	Free	1c per lb.
Dried fruits:		
Apricots	do	15% ad valorem.
Apples	do	10% ad valorem.
Raisins	do	3c per lb.
Currants	do	4c per lb.
Prunes	do	Free.
Brandy	$3.00 per gal. plus $8.00 per gal. of strength of proof.	$4.00 per gal. plus $8.00 per gal. of strength of proof.
Wines, grape of all kinds except sparkling wines containing 35% or over but not more than 40% proof.	10c per gal. plus 42½c per gal. for 34-36% proof.	55c per gal. plus 42½c per gal. plus 3c per each degree of strength in excess of 26 to 40%.

[1] Applies to the United States.

Left, team member Luther Pickrel visits with well-to-do Japanese farmer Heikichi Kichi. Below, he watches the farm's workers as they clean sweetpotatoes for hog feed.

Luther J. Pickrel

U.S. Extension Team Studies Far East Farm Markets

By Dr. John Dunbar, Purdue University and Dr. Arthur Mauch, Michigan State University

Headed for a wide swing around Asia from Pakistan to Japan, seven State extension specialists on public policy, plus two USDA specialists, took off from Washington January 28 to study U.S. farm markets in the Far East.

We were fresh from a good briefing by old hands in foreign trade. But our mission was far more complex than just to study trade trends, competitive advantage, and trade barriers. We were searching for on-the-spot information about the things that affect U.S. trade in today's and tomorrow's markets—cultures, religions, international politics, trends in economic development, domestic economic policies, attitudes toward U.S. farm and trade policy, and economic aid programs, particularly Public Law 480. We knew an understanding of these things was necessary for an effective job of informing U.S. farm leaders and the general public.

Pakistan—Muslim Nation

Dropping down into Karachi in a sleek new jet, we found an abrupt change of pace on the main street, where traffic included camel wagons, donkey carts, veiled women, barefoot tribesmen, and herds of cattle. Pakistan's people are mostly poor, with only $55 a year average income. Only 18 percent are literate. Most—4 out of 5—are farmers; much land is worn out and either parched or waterlogged. Mineral resources are few; main industries are cotton textile factories, jute mills, a few cement plants, and some small metal-fabricating and chemical operations.

We buy only $25-30 million worth of goods from Pakistan a year, and it buys from us mostly under aid programs. Total U.S. aid to Pakistan from fiscal 1952 through fiscal 1959 has been about $820 million. Included in our aid program have been materials for piping water to Karachi; $270 million worth of wheat, rice, and other surplus farm commodities; help in providing housing for thousands of refugees from India; and help in training experts in agriculture, government, and other fields, to guide the country's development.

We left with the impression that Pakistan will need a large amount of external assistance in its battle for greater productivity. Also, it will be some time before the country becomes a dollar market for wheat and rice.

India—Key to the Future

India today is in a great contest with Red China, to see whether the level of living can be raised more rapidly in an underdeveloped country whose government is the servant of the people than in one whose people are the servants of the government.

Through modern technology, India is telescoping time and transforming its age-old institutions. In the last generation or so, it has probably changed more than in the previous thousand years. Annual income averages only about $63 per capita, but output per man rose about 2 percent during each year of the last 5-year plan. India has immense iron ore deposits and coal reserves. Its people are resourceful and good craftsmen, though they lack experience in organization. Much of its land is not in-

herently fertile, but responds well to good management. All this means ample potentialities for progress—if they can be developed.

Practically every industrialized country in the world is providing aid for India in this development struggle. The only real question is what form the aid should take: wheat, fertilizer, fertilizer factories, steel mills, technical assistance, education, or combinations of these.

Photos by John W. Mamer

In Calcutta, India, government officials (facing camera) discuss the marketing of grain with several members of the team.

R. C. Scott, FES (right), examines rice at a grain storage in Bangkok, Thailand.

Thailand—Rice Exporter

This little country, still at take-off point in industrialization, is a food exporter. With $100 yearly income per person, people are smiling, well-fed. To create an "atmosphere for industrialization," they are building roads, schools, waterways, power facilities, and utilities. They maintain sizable reserves of gold and foreign exchange in case of crop failure.

Eighty-five percent of the people live on farms; 85 to 90 percent of the exports are agricultural, mostly rice and rubber. Of Thailand's imports from the United States, however, nearly 90 percent are industrial. Top U.S. farm export to Thailand is high-quality tobacco for blending—$7 million a year. For cotton, too, U.S. exporters have a good opportunity. Last year Thailand began to increase cotton mill capacity, and this year, will double it. The Thais bought 5,541 bales of U.S. cotton in the last half of 1959, compared with none the first half or the year before.

Malaya—Rubber and Tin

Now that Malaya has rounded up most Communist guerillas, rubber production is back in high gear. Not only old trees but new plantings of inferior varieties are being replaced by quick-maturing, higher bearing varieties that will enable rubber to compete in price even with synthetics. And now the farmers, through cooperative marketings, are getting a much bigger share of the output.

With the economy back on its feet, Malaya has lifted restrictions on dollar imports. Guaranteed investments are bringing in U.S. businesses. And there is talk of building cotton textile mills.

These developments are making Malaya a good potential market for U.S. farm products—cotton, cigarette tobacco, specialty foods like frozen poultry, fruits, vegetables. Our team felt that P.L. 480 sales might be used along with market promotion to establish markets there. Since Malaya produces half the world's tin and about a sixth of its rubber—both important to industrialized countries like the United States—it would be mutually beneficial for the two countries to develop a sound basis for the expansion of their trade relations.

Australia—Competitor and Ally

The continent "down under" is about the size of the United States (minus Alaska), but it's short on people, with only a little over 10 million. About a fifth of Australia's population is rural; however, earnings per person in farming are nearly the same as in nonfarm work. Up to World War II, the main occupation was farming, but now industry is developing fast, and U.S. capital is sharing in industrial investment.

We had good forthright talks about trade and aid. Since wool is Australia's No. 1 export, the U.S. duties on wool imports naturally came up for discussion. About our P.L. 480 programs, the Australians have mixed feelings. On the minus side, they feel there is a real danger that underdeveloped countries may become too dependent on temporary surpluses. Also they feel that the P.L. 480 provision on "usual marketings" is somewhat of a consolation prize; the decision on what is "usual" is arbitrary. They admit, though, that it has to be, and that we have been fair in consulting with them and keeping our agreements.

On the plus side, the Australians recognize that P.L. 480 programs have brought commodities into the hands of people who really need them; have helped stabilize world markets; and, in many countries—India, for example—have helped increase consumption. In fact, Australia is planning similar programs.

The Philippines—Pride, Progress

Rapid change is going on in the Philippine Republic as that country, intensely proud of its independence, works to achieve the best possible life for its people. However, the close trade relationship that existed between the United States and the Philippines at the end of World War II has altered. Then, we accounted for 85 percent of Philippine trade; now, it's only around 50 percent. With Philippine independence came tariff adjustments on both sides, and access to each other's markets was no longer unlimited. Also, reparations are giv-

ing Japan a springboard into the Philippine market.

The emphasis of Philippine import policy is on raw materials. New spinning and weaving mills are expanding the demand for raw cotton instead of textiles. But tobacco imports have been virtually eliminated by import restrictions and the promotion of local production, although some high-quality U.S. tobacco may be needed for blending. Imports of rice and corn are now prohibited except in emergency. Evaporated and condensed milk imports have been replaced by nonfat dry milk, which is mixed with home-produced vegetable oils to make filled milk. And the Republic, having its own milling facilities now, is becoming an importer of wheat rather than flour. All in all, the U.S. farm market in the Philippines is in a transition stage.

Hong Kong—Textile Center

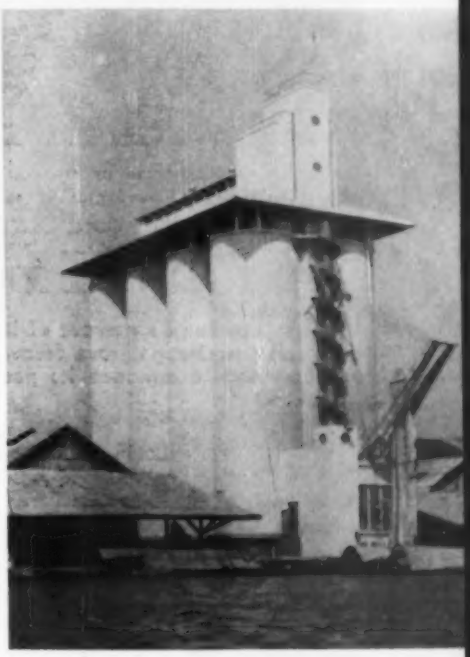
Located on the rim of the most completely regimented economy mankind has ever devised, Hong Kong is bustling with free enterprise. With 40 percent of its labor force employed in textile manufacturing using modern machine methods, it's one of the world's leading textile centers. It is the third most important dollar market for U.S. products in Asia, buying mostly raw cotton, tobacco, oranges and tangerines, and dressed poultry. Also, we're the most important market for its textile products. So the import quotas or increased duties recently proposed for textiles from Hong Kong would mean a tough test for U.S. policies of freer trade. Were these textile imports to be restricted, this would naturally reduce Hong Kong's dollar-earning ability and perhaps cause the colony to cut down its imports of produce from U.S. farms.

Japan—Big U.S. Customer

Japan is humming with activity. Production of manufactured goods has more than recovered from the war and is now more than three times the prewar level. Tokyo's population, down to 3 million at the war's end, is up to 9 million. The level of living is climbing. Output of consumer goods like television sets, washing machines, and radios, has skyrocketed; and Japanese industry has moved into the "transistor age," with monthly average production of diodes and transistors well over 3 million units.

One result of all this industrial productivity is that Japan is a fine market for U.S. farm commodities—our third biggest. It is an industrial nation; the 34 percent of its people who work on farms can produce only about 80 percent of its food needs. Much of what it buys—mostly wheat, soybeans, and some feed grains—comes from the United States. Also, it's one of our big cotton markets. Its growing economy means opportunities for expanding our farm trade, as diet habits shift away from potatoes, rice, and fish toward wheat, milk, and meat, and as more people—especially women—begin to smoke. But our visit brought clearly home to us the often-expressed idea that Japan must export to live—because it must import to live. To buy more farm products for its growing needs, it has to sell more of its own goods like cotton textiles, cameras, binoculars, radios, and transistors.

Coming 10,000 miles from Tokyo to Washington in about 15 hours' flying time reminded us again that the world is shrinking. The Far East has become the Near West. Our team had a striking lesson in how rapidly the world is changing and how vital these changes are to us. Those of us who are extension specialists in public policy are making every effort to pass this lesson on at the grassroots level; for in the long run the American people must share with their government the responsibility for wise decisions in foreign affairs.



Right, grain elevator in Bangkok; below, elevators in Harpur, India, provided as part of U.S. assistance to that country.

Photos by Luther J. Pickrel

Photos courtesy Pan American Union

Uruguayan gauchos round up meandering cattle on typical rangeland. The mild climate permits year-round grazing, so three-quarters of the land is in pastures.

Uruguay's Economic Program

Uruguay devotes 87 percent of its land to farming and earns most of its foreign exchange from farm exports—thus, efforts to bolster its economy should enhance its position in world agricultural markets.

By Howard L. Hall
Latin American Analysis Branch
Foreign Agricultural Service

Late last year, Uruguay joined the movement of other South American countries toward trade liberalization and monetary stabilization. Its first action was to devalue its currency and establish a unified exchange system. The government, elected late in 1958, also plans other reforms which indicate a shift toward a free enterprise economy. Basically these reforms represent a response to serious financial difficulties rising from recurring trade and monetary deficits, which weakened the economy during the past 3 years.

The economic recovery program emphasizes farm production and trade. Uruguay's economy is based on its agriculture. It is one of the world's smaller nations—72,153 square miles—but its size is partly offset by the large proportion of land which can be farmed. Recent estimates indicate that about three-fourths of its area (35 million acres) is in pasture and another 12 percent (4.2 million acres) is cultivated. Farm enterprises engage about 35 percent of the nation's labor force.

Productive natural grasslands and a mild climate, which permits the year-round grazing of livestock, encouraged early development of extensive grazing enterprises. Sheep and cattle raising continue to dominate Uruguayan economic life, and much of the country's business and industry is engaged in marketing and processing wool, meat, hides, and dairy products. These normally provide over two-thirds of the country's foreign exchange earnings. The rest comes from raw and processed cereals, oilseeds, and other farm crops.

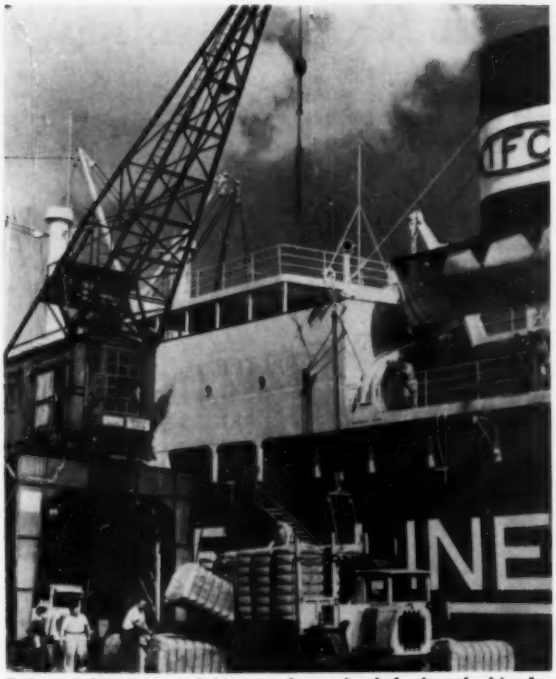
Crop production is concentrated in the cereal-livestock area bordering the Uruguay River on the west and the small farming zone extending east and west from Montevideo along the Rio de la Plata in the southern area. Wheat and flaxseed are the most important export crops. Corn, barley, oats, rice, sunflowerseed, and potatoes are the major crops grown for domestic consumption. Uruguay imports most of its cotton, sugar, tobacco, tropical fruits, coffee, and tea.

Postwar Activity. Rising world demand for livestock products stimulated Uruguayan exports and encouraged industrial growth after World War II. At the same time, guaranteed prices and other government aids encouraged a shift from pastureland and flaxseed to wheat and sunflowerseed on more productive lands in the western part of the country. The cultivated area expanded from 2.5 million acres to 4 million between 1946 and 1955, and wheat developed into an important export crop. This shift was accompanied by a substantial growth in dairy and feed crop output.

Agricultural exports and general economic activity reached record levels from 1952 to 1954 as the index of agricultural production rose to 175 (1935-39 = 100). Subsequent declines in world prices reduced foreign exchange earnings. Low exchange rates on export products, maintained under the multiple exchange system, tended to price Uruguayan commodities out of world markets and, at the same time, weakened prices to producers. Reduced exports and tight domestic controls disorganized the once thriving meat industry and led foreign firms located in the country to discontinue packing operations. Wool producers, feeling that existing exchange rates penalized them, finally refused to sell their wool until the system was changed.

By 1957, export exchange earnings had fallen to less than half their 1952-54 value and had forced severe restrictions on imports. Despite some belt-tightening, trade and payment deficits continued to mount, placing heavy pressure on the economy. These deficits were a factor in the 1958 elections, which resulted in the displacement of the government that had been in power for over a century.

The new government was immediately faced with the additional problems of floods which impaired transportation, communications, and other necessary services. These floods also seriously curtailed farm output and drove living costs up 40 percent during 1959. Such conditions, continuing this year, have caused Uruguay to look abroad for temporary aid.



Bales of Uruguayan fabric wool are loaded aboard ship for journey to Boston. Wool is Uruguay's leading export item.

Modern meat plant along a Uruguayan riverbank. Livestock products provide two-thirds of Uruguay's foreign exchange.

Reform Program. In December 1959, the government initiated long-range exchange and trade reform. The old multiple exchange system, which had proved too inflexible to meet changing world conditions, was discarded. In its place was instituted a single free exchange system, which eliminates exchange licensing quotas and similar restrictions.

The principal control upon exports is provided by a system of export taxes, which can be fixed (by commodity) at from 5 to 50 percent of peso exchange value to restrict or expand exports. At present the tax is fixed at 36 percent (greasy basis) for wool products—the major export items—and 5 percent for meat and meat products.

These taxes will supply the public revenue formerly provided by differentials between export and import exchange rates. Under the export exchange law, this revenue will be divided as follows: (1) 20 percent to stabilize domestic food prices; (2) 20 percent to assist cattle, dairy, poultry, fruit, and other important basic industries through research, education, and other aids; (3) 15 percent for transportation and other needed public services; (4) 35 percent to compensate for public revenue lost when the preferential exchange system was abandoned; and (5) the remaining 10 percent to supplement Nos. 1 and 4 at the discretion of the government.

The new law restricts imports by permitting advance deposits and fixing exchange surcharges of up to 300 percent. At present, a large group of commodities, including breeding animals, sugar, coffee beans, bananas, cotton, fertilizers, insecticides, seeds, and gasoline, is free of deposits or surcharges. However, coconut oil, hard fibers, farm machinery, and hops are subject to prior deposits.

Present and contemplated changes are expected to benefit all Uruguayan farmers, but livestock producers particularly will profit. The free exchange market rate—equal to about 11 pesos per U.S. dollar—has doubled net peso returns (excluding tax) per foreign currency unit for wool and increased them 50 percent for meat.

Uruguay's consumer price stabilization program, in effect before the new reforms, will probably remain—at least temporarily. Consumer prices, however, will be raised gradually during the transition to free marketing.

Production Aids. Although the trade and exchange reforms will be an important step toward bettering Uruguay's economy, progress will be retarded unless some thought is given to more intensive development of the country's crop and livestock industries. Most of Uruguay's land is being utilized, but both pastures and croplands could produce at a higher level with improved methods and techniques.

To help in this direction, Uruguay has borrowed $7 million from the International Bank for Reconstruction and Development. The money will be used to implement a livestock rehabilitation and improvement program. This, a pilot program concentrating on management practices, will undertake to provide technical and financial assistance to a group of 600 livestock producers with a combined farm area of 1.5 million acres. The direct benefits in soil fertility, pasture improvement, forage conservation, and disease control are an estimated $3 million to $4 million annual increase in farm income and exports. Longer range benefits are contemplated as this and similar programs encourage improved production practices on farms throughout the country.

Pakistan's Second Five Year Plan

Self-sufficiency in food grains is first among the aims of the new 5-year plan that Pakistan inaugurates this summer. While that goal may as yet be out of reach, chances of approaching it are better today than they were 5 years ago.

By William F. Hall
Far East Analysis Branch
Foreign Agricultural Service

The Second Five Year Plan that Pakistan is due to begin in July looks toward meeting all the country's food grain needs by 1965. To do this, grain production must reach 16.2 million metric tons, which means an increase of 2.5 million tons during the 5-year period.

The new Plan is perhaps overly optimistic in this regard; on the basis of production levels in the past 5 years, reaching grain self-sufficiency is likely to take longer than the Plan period. But so fast is Pakistan's population growing that these production levels must be pushed higher.

The hope is that consumption levels can be raised too. In 1959, estimated per capita grain intake from domestic production was 294 pounds; in addition, Pakistan imported 700,000 metric tons of wheat, most of which came in under P.L. 480. If the Plan succeeds, grain intake will rise 7 percent to about 315 pounds by 1965.

Rice and wheat will provide most of the planned increase in food grains. Rice production is expected to rise by 22 percent; wheat production, by 17 percent. However, in recent years rice output has been declining, and the record levels reached by the last three wheat harvests can be attributed to unusually good weather.

Ways and Means. Several methods are being contemplated for increasing food grain production. Included are programs for the extension of irrigation, the greater use of fertilizer and improved seeds, and the expansion of farm credit facilities.

Over a million additional acres of land will be brought into production when planned irrigation programs are implemented. Additional acreages, especially in East Pakistan, will be made available for double cropping. An estimated 860,000 tons of additional food grain is expected from these irrigation projects, while the increased double-cropping area will bring another 400,000 tons.

Nitrogenous fertilizer consumption, now estimated at 27,000 tons, is expected to reach 110,000 by 1965. This increased application of fertilizer should yield another 700,000 tons of food grain.

Seed treatment and certification programs, to be introduced under the Plan, will mean a larger supply of improved seeds, including hybrid corn, which will add 400,000 tons to food grain output.

Considerable emphasis will be placed on a program of expanded farm credit, in which it is envisaged that cooperatives and other rural organizations will play a leading part. Other projects include soil surveys, mechanization, improved marketing facilities, and the expansion of both agricultural extension and research.

Chances of Success. Prospects for increasing food grain production are better than they were under the First Plan. The reason is the great improvement in economic conditions for agricultural development. Before October 1958, when the current administration came into power, exports were declining and imports continuing to rise. Foreign exchange reserves had dwindled dangerously, from $373 million in 1956 to $258 million in 1958. At the same time, the cost of living was spiraling upward. These economic conditions hindered agricultural development under the first 5-year plan; they also contributed to the change in government.

During the past year, President Ayub's leadership has helped stabilize economic conditions. The Export Bonus Scheme improved the foreign exchange reserves. Rigid enforcement of import restrictions brought the trade deficit under control. Land reform went into effect in West Pakistan. Tensions between India and Pakistan relaxed after the settlement of a number of border disputes and the agreement to divide the Indus River waters.

Before beginning the Second Plan, the government made several administrative changes, including the creation of an economic council, an economic committee in the Cabinet, and a project division. In addition, great emphasis is being put on bringing the mass of the people into effective participation in the Plan. This will be done through the "basic democracies," a five-part organization of development advisory councils at the local, county, district, division, and Province levels.

Under the new Plan, national income is expected to rise by 20 percent and per capita income by 10 percent. Through expanded exports, foreign exchange earnings are to increase by one-fifth. The Plan calls for a more comprehensive effort to reduce the economic disparities between East and West Pakistan; it also envisages new jobs for about 3 million people.

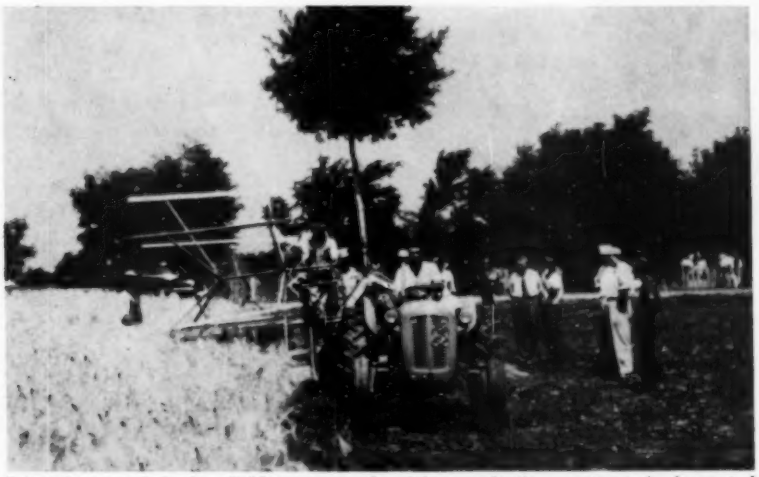
Proposed Plan expenditures are $4 billion—$2.3 billion to be financed from domestic sources and $1.7 billion to come from foreign aid, loans, and investments. Over 60 percent of the planned expenditures are destined for public investments and services.

The Ayub government is determined to break the vicious circle of poverty and underdevelopment. It hopes that the new Plan will bring a positive upward trend in per capita income and consumption. Yet it recognizes that Pakistan's greatest difficulty centers around inadequate agricultural production; for farm products not only contribute directly to the standard of living, but also provide raw material for some of the country's important industries. This fact explains the primary position that the government has given to agriculture in the Second Five-Year Plan.

Yugoslavia Experiences An Agricultural "Explosion"

but depends on its farm cooperatives for any further big increases

By Harold L. Koeller
Foreign Agricultural Service



Privately owned barley field grown under joint production contract is harvested by tractor and binder belonging to local cooperative in Obrenovats, Yugoslavia.

When I arrived in Belgrade in June 1956 to fill the post of U.S. Agricultural Attaché, I found Yugoslavia's agriculture at a low ebb. Rains and floods had prevented the farmers from planting the normal acreage, and before the year was over drought cut back the yields. Furthermore, production had been at a standstill for some time. Even in good years the country's harvests were just about what they had been before World War II.

Presumably many things contributed to this agricultural stagnation, as the Yugoslavs themselves called it, but certainly the government's agricultural policy was partly responsible. Agriculture had just begun to recover from war damage and shortage when, in 1948, Yugoslavia broke with the Cominform. Shortly thereafter the government, with the aim of boosting production, used every possible means to get the country's farmers to put their holdings into collective farms. By mid-1950 the number of collectives had skyrocketed to nearly 7,000. But even with allowances made for the severe droughts in 1950 and 1952, the results in terms of production were disappointing. Legislation was passed permitting farmers to withdraw from the collectives, and hundreds of thousands of them did, so that by 1955 the collectives numbered only 924.

In 1956 Yugoslavia's agriculture was still trying to recover from this upheaval, but by the time I left Yugoslavia, 3 years later, amazing changes had taken place. In that short period Yugoslavia had experienced an "explosion" of agricultural production. The 1959 wheat crop of over 150 million bushels made it unnecessary for Yugoslavia to import wheat for the first time in 10 years; and corn production, which exceeded 260 million bushels last year, was double the country's average, supplying about 40 million bushels for export.

This remarkable increase in production was sparked by the use of U.S. hybrid corn and Italian high-yielding wheats. It was further stimulated by the extensive application of fertilizer and better cultivation practices resulting from mechanization, and by unusually favorable weather in 1957 and 1959. Most of the increase took place in the socialist sector of the country's agriculture—that 10 percent of the farmland that is mainly in large semi-independent state farms and collectives as against the 90 percent that is owned and worked by peasant farmers. Here the Yugoslav authorities concentrated all of their efforts, with the result that the socialist sector farms in most cases outyielded the private farms by two to three times.

Focus on Cooperatives. Crop production is expected to increase further on these socialist farms, but the Yugoslav authorities realize that, because of the vast area in privately owned farms, the hope for the future lies with them. Accordingly in 1957 a law was passed which marked a shift in agricultural policy. Basically, this law represents an aggressive attempt by the government to raise output by organizing cooperative cultivation of the land, without impairing private ownership rights, and by greatly increasing investments in agriculture. Peasant farmers were to be persuaded to accept cooperative production on their land, with the argument that their income would be increased with the adoption of modern production methods while their private ownership rights would be guaranteed by the government. The law also indicated that joint production achieved by the cooperatives under these conditions, together with other related activities, would bring about "socialization of the countryside," a frequently stated goal of the government.

In 1959, there were about 5,400 general agricultural cooperatives[1] in Yugoslavia, with about 1.5 million farm households, or somewhat over half the total, cooperating in some way. These cooperatives charge farmers a nominal membership fee, and usually a majority of the farmers in a community belong, even though

[1] In Yugoslavia the word "cooperative" is used rather broadly. A cooperative may either be the collective type such as one finds in the Soviet Bloc countries, or it may be a Western-style cooperative offering various services but not depriving the farmers of land ownership. In this article, to clarify matters, I have used the two terms, collective and cooperative.

they may use only one or two of the services offered. Also, in most districts there are cooperative business associations for grains and seeds as well as for fruits, livestock, farm machinery, crop protection, and such.

These cooperatives do not stand alone but are linked through district and Republic unions with the Federal Main Cooperative Union. And while the country's crop and livestock production goals are set officially by the Yugoslav Government, implementation of programs affecting private farmers depends largely on the agricultural cooperatives working at the local level under the direction of the Federal Main Cooperative Union.

Visit to Ruma. Typical of the Yugoslav cooperatives is the one at Ruma, located in the plain northwest of Belgrade in the famous Voivodina, an area commonly called the Yugoslav "breadbasket." Last summer I had an opportunity to visit Ruma, accompanied by Engineer Voyin Popovich, Secretary General of the Federal Chamber of Agriculture, and my Yugoslav agricultural assistant, Milosav Samurovich. We were received at the cooperative by the Commercial Vice Director, Marko Maksimovich, and Petar Zunkovich, an agronomist. Later the Assistant Mayor of Ruma joined the group as we discussed the operations of the cooperative and visited its facilities.

Mr. Maksimovich told me that the Ruma cooperative has 1,200 members out of 1,600 households in the commune (opstina). About 80 percent of the members cooperate to some extent in crop farming, and 20 percent cooperate some way in livestock production only.

Until 1956 the Ruma cooperative was only a marketing and supply cooperative. Now it has silos for grain storage, a feed-mixing mill, a winery, a mechanization center, and other installations. We stopped at the mechanization center, where we learned that the cooperative operates 16 tractors, 3 combines, 3 threshing machines, 9 binders, and other machinery. With this equipment it provides custom plowing and other services to private peasants and cultivates 300 acres of land assigned to it from the land fund (nationalized land).

The Ruma cooperative directs most of its efforts toward increasing wheat and corn production. It attempts to persuade farmers that it is to their advantage to sign joint crop production contracts, for under these contracts the cooperative usually provides deep tractor plowing, seedbed preparation, improved seed (Italian wheat or hybrid corn), fertilizer, any required plant protection measures, harvesting, threshing, and technical advice. Both services and supplies are provided on credit for which the farmer is charged a reasonable rate of interest; however, the farmer must supply all necessary labor for operations not provided by the cooperative.

Contracts and Leases. The Ruma crop production contracts give the cooperative a 10-percent profit based on the planned yield, after allowing the farmer his land rent; and they stipulate that he must pay the cooperative for all charges in the form of products, at the government guaranteed prices. Livestock contracts are also made. In 1959, the cooperative sold 350 sows to members on 3-year credit under these contracts, and it is planning to sell 900 this year.

In addition, the cooperative has a new type of lease under which it takes over complete operation of the land and pays the owner rent equal to a yield of, say, 18 bushels of wheat and 24 bushels of corn per acre (average yields), keeping the additional production to cover expenses and provide profit. In 1959, about 250 acres were leased on this basis, and this year the cooperative plans to lease about 2,500 acres.

We next went to the cooperative's grain warehouse and mixed feed mill. Alongside these installations was a field of hybrid corn planted by the cooperative, which was expected to yield over 200 bushels per acre. Mr. Zunkovich said that in 1959 about 2,650 acres of high-yielding Italian wheat were harvested in Ruma commune, compared with 25 acres in 1958. Some 780 acres were under joint production contracts with private farmers and the remainder in the socialist sector. The cooperative's 1960 plan called for sowing about 3,000 acres of wheat under joint production contracts, out of a total wheat area of around 7,500 acres. About three-fourths of the total was to be in high-yielding Italian varieties.

Sugar beets and sunflowerseed also are grown under joint production contracts. These crops have not been important in Ruma commune; but, with the completion of the sugar mill planned to be built at nearby Mitrovica, more attention will be given to sugar beets.

Forced Modernization. The Yugoslav Government is so determined to expand its farm output through these production contracts that last summer it passed a law requiring forcible adoption of modern methods where land is improperly tilled. Under this law, land may be requisitioned for a 3-year period and turned over to the local cooperative for cultivation. Those in favor of the law claimed that it was necessary in order to maximize production and make full use of the modern equipment and supplies provided by the government. They also claimed that it was no more restrictive of private rights than similar laws in some Western European countries.

With a few exceptions, Yugoslav farmers are permitted by law to own no more than 25 acres of plowland per household, and these small holdings prevent economic production of crops other than those with high labor input. With the opportunity of attaining higher yields and increasing returns per acre, the peasant farmer tends to find cooperation more attractive, particularly since it does not involve forcible collectivization of the land. Thus, it appears that the policy of raising production through cooperative use of modern techniques will be increasingly successful. Yugoslavia will need to import cotton and tropical products, but otherwise its agricultural imports will soon be comparatively small. The country should become an even more important exporter of feed grains, fruit, meat, and certain specialty crops. And while present plans do not call for exporting wheat, there is always the possibility that this might happen if Yugoslavia's agriculture continues to produce at its present pace.

French Togoland Has Now Gained Its Independence

By Snider W. Skinner
Africa and Middle East Analysis Branch
Foreign Agricultural Service

Photo by Desport

Courtesy French Embassy

Above, palm nuts are crushed for their kernels (tumbling out into bin), which are a major Togolese export. Left, an open-air livestock market does a brisk business in sheep and goats.

Above, Togolese women transport copra in the age-old way; below, drying corn in a raised crib keeps it from damp and rats.

French Togoland, a United Nations trust territory until April this year, is now the independent country of Togo. To many people, this may mean only an addition to the long list of strange African names. Yet Togo has at least two claims to distinction. It is the smallest independent country on a continent where most countries are large; and, of its total exports, 98.5 percent are agricultural —third highest percentage in Africa.

Togo, located along the south side of Africa's great western bulge, has an area of 21,236 square miles—not quite as large as that of West Virginia. It is considerably smaller than its neighbors Ghana, Upper Volta, and Dahomey. Its population of 1.1 million is all African except for about 1,200 people of French, Lebanese, and other non-African descent.

This part of Africa came under German control in 1884. During World War I, it was occupied by the British and French, who after the war were given League of Nations mandates. The British administered the western part next to the Gold Coast; the French, the larger eastern part next to Dahomey. After World War II, these mandates were converted to United Nations trusteeships. In 1956 the inhabitants of British Togoland voted to join the Gold Coast in forming the nation of Ghana, which came into being in 1957. Thus the new Togo includes only the French part.

Togo's almost purely agricultural economy is well diversified; it produces crops for both domestic use and export. The coastal area and the land adjoining it produce palm oil, palm kernels, copra, cassava, corn, and bananas. Coffee and cocoa production centers around Palime near the Ghana border. Further north, in the savanna (grassland with scattered trees), grow cotton, peanuts, and kapok. For its size, Togo is fairly well supplied with livestock; in 1959, estimated numbers were 130,000 cattle, 650,000 sheep and goats, and 225,000 hogs.

Transportation facilities are reasonably adequate for getting Togo's farm products to the coast for export. The longest rail line runs 174 miles north from Lomé, the capital, to Blitta, al-

most halfway to the northern border. A second line runs 74 miles northwest to Palime, in the coffee-cocoa country, and still another from Lomé along the coast to Anecho. For truck traffic, Togo has several hundred miles of improved roads and 2,050 miles of secondary roads.

While Togo's crops are mostly grown for home use, a number of agricultural products are exported. In 1958, exports, in all, totaling $14.8 million, included these:

	Quantity *1,000 tons*	*Value* *1,000 dollars*
Cocoa beans	7.6	5,876
Coffee	5.1	3,652
Palm kernels	13.3	1,577
Cotton	1.9	1,056
Peanuts, shelled	3.7	646
Copra	3.3	544
Cassava starch	4.5	485

France is Togo's best customer, taking 73 percent of its total exports in 1958. The United States was second that year with 15 percent, including cocoa beans worth $2.1 million and cassava starch worth $127,000.

Togo is largely self-sufficient in food. In 1958 it imported $2.5 million worth of agricultural items, chiefly sugar, beer, rice, wines, and wheat flour—only 14 percent of its $18-million import total. Of all Togo's imports, 47 percent came from France, 12 percent from Ghana, and 10 percent from the United Kingdom. No agricultural imports and only $330,000 worth of nonagricultural ones came from the United States.

Togo's economic future seems tied to agriculture, although there are phosphate deposits of considerable promise. But it is tied also to its political future. One troublesome item is the division of the Ewe people. About 600,000 Togolese are of this tribe, and they have about 400,000 cousins across the border in Ghana. Togo's Premier Sylvanus E. Olympio heads a political party that formerly advocated uniting the Ewe people by a merger of British Togoland and French Togoland. He now vigorously opposes any political union with Ghana, such as Ghana's Prime Minister Kwame Nkrumah has proposed. But there has long been much informal trade across the Togo-Ghana border, and Premier Olympio favors close commercial relations with Ghana, including a customs union.

India and U.S. Sign Record Grain Pact

President Eisenhower looks on as Sadashiv K. Patil, Indian Minister of Food and Agriculture, reads the text of the new pact selling India $1.3 billion worth of U.S. grain. At the President's right is Indian Ambassador Mahomedali C. Chagla, and in background, left to right, are Don Paarlberg, Food for Peace Coordinator, Secretary of Agriculture Ezra Taft Benson, Under Secretary of State C. Douglas Dillon, and Under Secretary of Agriculture True D. Morse.

The United States and India last month signed history's biggest grain deal, a sale in which India agreed to pay $1,276 million worth of Indian rupees over the next 4 years in exchange for 587 million bushels of surplus U.S. wheat and 22 million bags of rice.

The sale means that over the 4-year period a little more than one shipload of grain will be leaving the United States each day bound for India. It also means that the United States will be selling to India on concessional terms a volume of wheat equivalent to nearly half an average U.S. wheat crop and a volume of rice substantially more than half of what is normally produced in the United States each year.

The agreement, which was signed on May 4 in the White House, is a part of the President's Food For Peace Program, aimed at matching the agricultural abundance of the United States with the needs of friendly nations abroad. For India, with a population of over 400 million and a history of recurrent food shortages, the sale is of greatest importance in that it can enable the country to build up a national food reserve while concentrating its energies on all-round development. Previous sales to India were for much shorter periods and did not provide a buffer reserve.

India will benefit in other ways too. Under the terms of Title I, Public Law 480, both loans and grants are available to countries from the local currency accruing from these sales. Of the rupees to be acquired by the United States in payment for this grain, $1,076 million will be made available to the Government of India for economic development projects, such as power, irrigation, and the building-up of industries. Half of this will be in the form of loans, the other half as grants. The remaining $200 million will be used to pay U.S. expenses abroad and to finance such programs as the expansion of foreign markets for U.S. agricultural products.

In India the news of the pact was received with enthusiasm. The *Indian Express*, published in New Delhi, Bombay, and other cities, hailed the agreement as "an act of good faith in human relations." The paper said that President Eisenhower's expressions of faith in signing the agreement "reveal a largeness of heart more overwhelming than the size of the deal."

Unfavorable Weather May Obstruct Soviet Union's 1960 Grain Plans

For the second consecutive year, the most intensive agricultural effort in Soviet farming history has been hampered by bad weather. Last year's harvest, the first of the 7-year drive to boost farm output 70 percent by 1965, was considerably below Soviet expectations as a result of persistent drought all summer and fall. To offset these losses, farm leaders and farmers have been planning a grain crop of 153 million tons for 1960—considerably more than the 124.8 million tons they reported in 1959 and even more than the alltime record crop of 141.2 million tons grown in 1958. However, unfavorable weather in March and April already has threatened this year's crop.

Spring in the Ukraine has been cold, dry, and windy; and this, following an extremely arid autumn, has caused a deficiency of subsoil moisture as well as damage and loss to winter crops. Extensive dust storms over the entire southern Ukraine retarded field work until late April. Dust storms also were prevalent north of Krasnodar, indicating the drought conditions developing in the North Caucasus. In the Krasnodar area, feed shortages caused by the 1959 drought have resulted in distress livestock slaughtering. And although the Volga region has not been hit as hard as the Ukraine and the North Caucasus, soil moisture reserves are reported down.

This year's grain production plan is designed to provide for an expanding population, establish a food reserve, and meet the exports outlined for the second year of the Seven Year Plan. Premier Khrushchev said last December that he does not favor plowing up large amounts of additional acreage to increase the outturn of grain, but instead favors raising grain yields per acre, replacing oats with corn, applying more fertilizer, and fostering tighter Communist party "organization" and "mobilization" of farmers. Other Soviet officials, however, are now calling for more plowing of virgin and idle lands to offset anticipated below-normal harvests in the Ukraine and North Caucasus.

Soviet farm planners continue to emphasize the "new lands" in Kazakhstan and are hoping for 24.6 million metric tons of grain from the Republic this year. Such an amount seems overly optimistic, considering that the Soviets reported a production of only 15.6 million tons during the bumper 1958 year. Furthermore, last year's output was down to 11.5 million tons.

Mismanagement rather than unfavorable weather was blamed for the poor showing last year. Inefficient organization of harvesting operations resulted in about 4 million acres of crops being caught under snows. Consequently 25 percent of the decline in total Russian grain production in 1959 can be explained by the drop in Kazakhstan's grain production.

Soviet Hog Farm Nearly Buried by Dust Storm

Some idea of the magnitude and destructive force of the dust storms in the Krasnodar area can be gained from a story of the Iskra hog farm in the Russian newspaper *Izvestiya.*

A "black storm," the paper called the wind-driven mist of dust, which obliterated the sun, choked off human breath, and caused the farm to become an island in a raging ocean of dust. Buildings were buried to their roofs. In the inner yard, the outlet for the water supply was covered, and part of a pond on the land was absorbed. And inside the buildings, hogs became buried, while sand on the roofs threatened their collapse.

The farm's 17 workers—most of them women—took the storm in stride, however, working around the clock to prevent loss of precious livestock. Keeping the water flowing was the first and most urgent job they tackled. At one point all 17 manned shovels in the nearly hopeless task of freeing the spigot from dust and debris. At last a tarpaulin was used to shield two men who scooped up bucketsful of dust; these were hoisted on ropes up over the roof.

Meanwhile, women hog-tenders climbed through barn windows and worked to the point of exhaustion digging out the hogs. When the need for additional water became great, they brought it from the pond in buckets, despite the fact that the drifting dust had created a miry shoreline into which they were drawn until they were covered with doughlike mud. Still they managed to bring back 325 pails of water for the farm's 650 hogs.

Then at the height of the storm and in the middle of the night, some of the hogs started farrowing. All 17 workers were mustered into duty to dig open a barn window, remove its frame, and haul the hogs and their litters through it to safer quarters. Finally, even these quarters became unsafe because of the weight of the sand on their roofs. The already exhausted hands went to work to clear the roofs, and while the strong wind kept blowing them off, they persistently climbed back to continue the attack. At last, as though subdued by the strength of man, the wind died and the sun shone; the 17 workers viewed the clearing skies with dust-reddened, but happy eyes.

Yugoslavia's Yearly Plan Raises Agricultural Target

Yugoslavia's Federal Social Plan for 1960 calls for a 1.3 percent increase in agricultural output—13 percent more than the 1961 goal in the basic 5-year (1957-61) Social Plan of Economic Development.

The largest gain is expected in livestock because of excellent corn and other fodder crops in 1959. Forecasts also predict increases in sugar beets, sunflowerseed, grapes, and dried prunes.

Based on carryover stocks and the planned expansion in farm output, the total value of raw farm exports is expected to be up 57 percent over 1959. A rise in imports, too, is indicated—especially in quality livestock. To assure proper livestock feeding, large quantities of concentrates for mixed feeds will be bought abroad. Food imports, however, will be down, mainly because the record 1959 output supplied home needs for wheat and lard—two of the chief agricultural imports since World War II.

Vanilla: Flavor From an Orchid

By William F. Dobbins
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Photos courtesy Madagascar Vanilla Growers Assn.

A graceful orchid, vanilla plantiflora, is native to Mexico. Its flowers must be hand-pollinated to produce the long pods commonly known as vanilla beans.

Sorting and bunching vanilla beans in Madagascar, the world's largest vanilla producer.

The vanilla-producing countries of the world are showing considerable interest in a proposed U.S. Food and Drug Administration ruling requiring that vanilla ice cream, if made with artificial flavoring, be so labeled. Since Americans consume some 400 million gallons of "vanilla" ice cream each year, such a regulation, the vanilla growers believe, would increase the demand for vanilla beans.

Certainly any significant change in the U.S. demand for vanilla beans would have an impact on the world vanilla trade. Apparently Americans prefer vanilla, not only in ice cream but in cakes, confectionery, and soft drinks, for the United States is, and always has been, the world's largest market for vanilla beans. Last year U.S. imports totaled 1.1 million pounds out of the estimated 1.9 million pounds of beans that moved in trade channels.

The United States buys the largest share of its beans from the Malgache Republic (formerly Madagascar), the world's largest producer. Mexico, which ranks third in world production, is our second most important source. Its vanilla is a good quality which usually sells at a premium, whereas the vanilla from Tahiti, next to Malgache as a producer, is not as highly regarded in the United States. These three areas normally account for about 80 percent of the total vanilla entering into world trade. Smaller quantities come from Indonesia, Guadeloupe, Dominica, the Seychelles, Comoro, and Réunion.

World vanilla bean exports during the prewar period, 1935-39, averaged 1.6 million pounds, and by 1946-50 they had reached an average of 2.5 million pounds. Then they started to decline and by 1959 were down to 1.9 million pounds. Undoubtedly the wider use of vanilla substitutes has been a factor in limiting increased use of pure vanilla.

Vanillin, as this synthetic substitute is called, was first marketed toward the end of the 19th century at $100 a pound or more. The two main sources for the first vanillin were eugenol, derived from oil of cloves, and guaiacol, obtained from coal tar. In more recent years most of the vanillin has been produced from lignin, a compound derived from wood pulp in paper manufacture.

Only about 400,000 pounds of vanillin a year were produced in the United States before World War II. This increased to over 600,000 pounds during the war years when supplies of the natural product became scarce and high-priced. By the time the war was over many users of synthetic vanilla had modified their formulas and processes and consequently continued to use the synthetic flavoring even after vanilla beans became available again.

Currently U.S. vanillin production is believed to approximate 1.5 million pounds. (The last year for which production statistics are available was 1951, when production stood at 999,000 pounds.) It is used largely for two reasons: Its adequate and stable supply, and the fact that it is generally priced lower than pure vanilla. For about 10 years, vanillin prices have not varied more than 25 cents above and below the $3 per pound level, while the price of vanilla beans varies considerably. In December 1959, the price—$16 a pound—was almost

twice that of December 1956.

Obviously it is to the ice-cream manufacturer's economic advantage to continue using vanillin, or a mixture of the synthetic and the pure flavoring. But the question is—How would the American public accustomed to buying "vanilla" react to a label indicating that synthetic and not pure vanilla was used as flavoring? The vanilla-producing countries anticipate a bigger demand for beans. Yet, if this demand for pure vanilla should increase substantially, there is some doubt as to how rapidly production could be raised to meet it.

Vanilla beans are the pod or fruit of a plant that is a member of the orchid family, and with the exception of those orchids grown and sold by the floral industry, it is the only one of economic importance. The plant is a native of Mexico, where vanilla has been used for centuries to flavor chocolate.

Production is susceptible to variations in weather, but it is also limited by the nature of the plant itself. Its flowers are equipped with both male and female elements, but they are separated by a partition that makes self-fertilization virtually impossible. This means that if marketable quantities of vanilla beans are to be harvested, then thousands of flowers, each open for only about 24 hours, must be pollinated by hand. Because of this, the plant is pollinated extensively when prices are high. When prices are low, less attention is given to pollination and output is lowered.

At the same time, plants weakened by overpollinization during periods of high prices have a shorter productive life and are more susceptible to disease, which is an ever-present problem. The well-known disease, root-rot (*Fusarium batatatis*), annually takes a heavy toll of vanilla plants. Much research has been conducted on root-rot, but no solution has been found.

There is also some risk involved in the curing of beans. When harvested, the beans do not possess the flavor and aroma that are associated with vanilla flavoring. They must undergo a curing process which takes from 3 to 6 months, a process that in many cases has been handed down from one generation to another. The curer-exporter who buys from the grower prepares them for export. The risk lies in his having to buy beans on a weight basis when green and selling them on the same basis after curing.

So, considering these limiting factors—weather, disease, the nature of the plant itself, and the antiquated methods of growing and curing—the immediate outlook for greater production and use of vanilla beans is not very optimistic. Yet if these obstacles—principally disease—are overcome, and supplies reach a point where prices become more competitive with those of the synthetic product, the United States should become an even larger market for vanilla beans.

Selecting beans for processing in U.S. factory. Vanilla beans are always shipped in tin containers and are wrapped in heavy wax paper to preserve their flavor.

Above, beans are fed into cutting machine, and then to produce the extract they are percolated (below) in a tank for several days.

WORLD Agricultural Summaries

Castor Beans. The world castor bean crop, which was down 2 percent to slightly over 523,000 short tons in 1959, is expected to be back up this year. Production prospects are favorable in both Brazil and India—the two largest growers. In addition, efforts toward crop expansion in several African countries are meeting some success.

Fats and Oils. For the eighth straight year, world fats and oils output is expected to set a record. The 1960 forecast is for over 34 million short tons—about 445,000 tons above the 1959 record and almost a third larger than the 1950-54 average. Most of the increase is expected to be in the Free World areas.

Cacao Beans. Favorable growing conditions in practically all areas are expected to result in a record global cacao harvest for 1959-60. Output, estimated at nearly 2.2 billion pounds, will be more than 9 percent greater than the relatively good 1958-59 crop. Only one principal producing country —Nigeria—forecasts a decline.

Cotton. Estimates indicate that the 1959-60 world cotton crop of 46.9 million bales (500 pounds gross) will set another record — exceeding the 1958-59 alltime high by 2.6 million bales. U.S. output is up 3.2 million bales from last season. Foreign Free World production is down slightly from last year, mainly in Mexico, Uganda, and Central America. Russia indicates larger than expected production as a result of favorable growing conditions.

Coffee. Coffee output for 1959-60 is expected to set an alltime record and be about 25 percent above 1958-59 production. Although coffee trade continues to increase, the spread between production and consumption will total about 20 million to 25 million bags this year, bringing carryover stocks to an amount equal to more than 1½ year's world trade needs.

History of Exports

(Continued from page 5)

the years from 1785 to 1790, several planters experimented with the cotton, making small shipments to England, and by 1800, sea island cotton, as the long staple variety was called, had become the leading staple crop of eastern South Carolina, Georgia, and northeastern Florida. In that year, over 6 million pounds were shipped to England. The crop remained important in this limited area until the Civil War, nearly 16 million pounds being exported in 1860.

English demand for cotton had increased sharply after inventions by James Hargreaves in 1765, Richard Arkwright in 1769, and Samuel Crompton in 1779 had revolutionized cotton spinning. Times were ripe for the development of a method that would make cotton more readily available. The need was met by Eli Whitney, a young graduate of Yale who went to Georgia to be a tutor in a plantation family. Told of the problem of separating the seeds from the cotton fiber, Whitney, early in 1793, invented the cotton gin, which did the job rapidly and cheaply. Whitney received a patent on the gin in 1794, but the device was so simple that many planters built gins without regard to the patents. Whitney never realized large profits from the machine, yet his invention altered the agricultural history of the South and the pattern of U.S. farm exports.

Cotton became the king of southern exports shortly after the turn of the century. Great Britain was our most important customer, but cotton was also shipped to France, Holland, Germany, Russia, Sweden, Spain, and a few minor markets. The value of cotton exported rose from about $5 million in 1802 to $192 million in 1860. The value of all food products exported in 1860 was about $51 million and of tobacco, $16 million. By that year too, America could look back over nearly 250 years of foreign trade. During this period, agricultural products had dominated the picture, and exports of American farm products had become of vital importance to both the American farmer and the consumer in other countries.

East Germans Speed Collectivization

Early this year the East German authorities launched a drive to accelerate farm collectivization. Statistically, the new campaign is already a success. Published reports indicate that in the first 2 months of 1960 the number of LPG's (collectives) grew more than half as much as in all 12 months of 1959.

Behind this drive may lie the fact that by the end of 1959, despite 7 years of efforts to collectivize all East German farms, only 44 percent of the total arable land was in collectives, with 8 percent more in state farms. A renewed campaign—result of combined pressures by the party, administrative authorities, and political police—was apparently decided on at the seventh meeting of the so-called National Council of the National Front, held in January.

Action began in the north and moved toward the south, where the percentage of independent farmers had remained highest. The technique generally used was for teams of 3 or 4 agitators to call on individual farmers and argue or intimidate them into joining the collectives. Those who resisted are said to have been subjected to economic or social pressure, even threatened with fines or prison. Some villages held out for weeks at first, but as the news spread that other villages had surrendered, resistance seems to have collapsed.

The amount of ownership retained by the individual farmer who joins a collective varies by the type of collective. In Type I, for instance, the farmer contributes only his land; in Type III, his livestock, machinery, and farm buildings too. Most East German collectives are of Type I. Plans are to combine existing collectives into larger units of about 5,000 to 6,000 acres.

To many observers, the timing of the forced collectivization was not particularly favorable. Drought last year resulted in poor crops, and many production goals were not met. Now, spring planting has been delayed by the change to collectives and the negative attitude of the farmers.

TRADING POST

U.S. Variety Meat Sales To Austria Falling Off

The United States is losing its market for variety meats in Austria. Austria bought 6.5 million pounds of fresh and frozen variety meats from all sources in 1959, compared with 1.5 million in 1958. But during this period U.S. sales dropped sharply from 354,000 pounds to only 51,000. Furthermore, the fall in U.S. shipments was during a period when U.S. prices were declining and U.S. exports to most other countries were climbing.

Canada increased its sales to Austria from 778,000 pounds to over 2 million, and the countries of Eastern Europe also substantially expanded their sales to Austria. Austria has trade agreements with a number of Eastern European countries. Buying variety meats from them helps balance their trade accounts.

France To Increase Imports of Oilseeds

France will probably buy substantially larger quantities of oilseeds outside the franc zone this year because of the small 1959-60 West African peanut crop. Last year, when the West African crop was also small, France was able to turn to Nigeria for additional supplies, but this year, Nigeria's stocks, too, are down because it had a small 1959 crop.

Members of the semiofficial organization controlling imports of edible oils and oilseeds have reportedly contracted for about 100,000 tons of Canadian rapeseed. They also have expressed interest in buying sizable quantities of U.S. peanuts from Commodity Credit Corporation stocks.

Soybean imports this year are expected to reach 165,000 short tons compared with only 88,290 in 1959. In 1959, 94 percent of France's soybeans came from the United States.

Guinea Has Surplus Coffee for Export

Guinea's State Foreign Trading Agency now has in stock about 100,000 bags of coffee which it is anxious to sell. The country usually sells most of its coffee to France at a price well above the world price but this trade is not now assured. Therefore, it would like to export at least part of this surplus to the United States. The coffee is of the type known as Robusta I.

Big Corn Shipment Goes to Uruguay

The largest single agricultural shipment ever made under Title I of Public Law 480, and the largest maritime cargo of corn in history was sent to Uruguay in a new tanker. The shipment consisted of 39,200 metric tons of corn valued at about $21 million. The corn, furnished by U.S. suppliers, was sold for Uruguayan currency under a P.L. 480 agreement announced in January. Uruguay is normally a grain exporter, but adverse weather during the past 2 years has lowered production and stocks.

Germany's Feed Industry Wants To See Rye Exported

West Germany's feed mixing industry has suggested a plan to help dispose of the country's rye surplus. The basic principle of the program, similar to the 1931 import certificate system, would apply to all cereals. In the case of rye, exporters would be furnished with certificates allowing them to import an equal amount of another product free of duty or equalization fee or at a drastically reduced tariff depending on the season of import. This plan would permit rye exports at world market prices and the import duty-free milo corn.

West Germany's rye surplus presents a serious problem because the light soils are better suited to rye than to any other crop; thus it would be difficult to persuade rye farmers to cultivate anything else. Rye stocks have doubled since 1956; they reached 1.1 million tons in July 1959. Most of these stocks are in federal storage, since the government is legally bound to take all quantities not marketed through normal channels. The government is contemplating compulsory admixture of rye and other surplus commodities in mixed feeds, but the feed mixing industry is strongly protesting this measure.

U.S. Sending More Lard To the United Kingdom

The United Kingdom has replaced Cuba as the leading foreign market for U.S. lard. In January, for example, U.S. shipments to Britain were 67 percent of total U.S. shipments for the month and the largest sales to Britain of any month since the war.

The United Kingdom bought nearly twice as much lard this January as in January 1959, and imports from the United States amounted to 85 percent of the total compared with 63 percent a year earlier.

Demand for lard in Britain has been stimulated by low U.S. prices. Also, the use of lard in margarine production has risen.

Korea Broadens Scope Of Reporting on Trade

The Bank of Korea has recently published the country's trade statistics according to the Standard International Trade Classification. Now, for the first time, Korean statistics will show commodity breakdown for exports by country of destination and imports by country of origin. Further, commodity details and commercial and aid imports have been presented.

Latest data in the publication—entitled External Trade Statistics for Korea—are for 1958. According to the publication, Korea's 1958 agricultural imports totaled $125 million, of which the United States supplied $111 million. Farm exports amounted to $2.4 million, and the United States bought a third of these products.

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Yugoslavia Stops Imports of Lard

Yugoslavia has stopped importing lard because its domestic pork and lard output expanded very rapidly in 1959 and is expected to increase even more this year, when hog slaughter will probably be above 1959.

Yugoslavia imported 21 million pounds of lard in January-September 1959, and the United States was the most important supplier. However, U.S. exports of lard to Yugoslavia last year were only 7.8 million pounds compared with 15.5 million in 1958, and there have been no U.S. shipments since June 1959.

Hong Kong Raises Duties on Tobacco

Hong Kong has substantially raised import duties on tobacco and tobacco products. The increases—30 to 50 percent above former rates—affect all categories of leaf and products.

Under the new tariff schedule, unstemmed leaf of U.S. origin containing 10 percent or more of moisture will be assessed a duty equal to U.S. $1.01 a pound compared with the 67 cents formerly charged. For stemmed tobacco with the same moisture content the new rate will be $1.03 compared with 68 cents earlier, and cigarettes will now be assessed $1.42 compared with $1.09.

Taiwan's Exports Benefit From Sugar Redistribution

In the redistribution of sugar quota deficits by the International Sugar Council, Taiwan's export quotas were raised 93,642 metric tons. The new allotment expanded Taiwan's effective export quota to 771,142 tons.

Taiwan, which relies on sugar to bring in 50 to 60 percent of its foreign exchange, had previously been granted a 40,000-ton quota increase under a clause in the sugar agreement which allows special consideration for nations suffering from national disasters. The country had two typhoons in the past crop year.

Ghana Opens Door For Dollar Farm Products

Ghana has relaxed its import licensing restrictions. Practically all farm products, except tobacco, from the dollar area may now enter the country under open general license. Formerly, each shipment of farm products, except wheat flour, needed a specific import license.

More than half of Ghana's imports from the United States are agricultural. Wheat flour, tobacco, and rice are the most important, but Ghana also buys cereal preparations, meat, dairy products, beer, and vegetables.

Brazil Needs Tallow Imports

Brazil's soap manufacturers state that they will need 44 million pounds of imported tallow in the next few months because of a shortage resulting from reduced cattle slaughter during the last half of 1959.

At present, the cost of imported tallow is high since it is in the "special import category" which is subject to a high rate of exchange—525 cruzeiros per U.S. dollar. Further, a duty of 80 percent of the value—calculated at 186 cruzeiros per dollar—is assessed on its import. Soap manufacturers have petitioned the government to put tallow in another import category at a more favorable rate of exchange—215 cruzeiros per dollar. They feel import costs would not be prohibitive at this rate.